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June 9, 1952

TO: Chairman and Members of OIT Inter-agency Technical Task Groups

FROM: Coordinator, Technical Task Group, Strategic Controls Division, Office of International Trade

SUBJECT: Strategic List Review Program

PART I

BACKGROUND

Since 1948 when the strategic control program was initiated by the Department of Commerce, the work of technical task groups has been the foundation on which the Department of Commerce has made its evaluation of the importance of particular commodities to the war potential of the Soviet Bloc. As a result of the extensive contributions by technicians of the various U.S. agencies, it has been possible during this time for the Department of Commerce to formulate specific and selective lists. These lists of strategic commodities and the documentation supporting action on individual items have also provided a basis on which U.S. officials have been able to negotiate successfully with other governments to obtain comparable control by them over the flow of goods to the Soviet Bloc. In general, this attempt to obtain parallel action has been highly successful in Western Europe, which is the primary area where such negotiations occurred. However, full agreement has by no means been reached on all U.S. listings, some of which have never been put up for negotiation.

At this particular point, therefore, in the overall attempt of the U.S. Government to obtain more effective controls over the flow of goods to the Soviet Bloc it is important that the U.S. Government review its position on many of these items in the light of experience gained and intelligence obtained since the initial actions were taken. It is also necessary that certain additional types of technical investigation and judgment be made in order to implement new policies and to meet new requirements in the strategic control program which have since arisen. In attempting to meet these needs we are again turning to the inter-agency technical task groups to obtain from them the necessary technical recommendations.

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PART II

OBJECTIVES OF TASK GROUP PROGRAM

The objective of the work program now being assigned the technical task groups is two-fold:

1. To review information now available concerning current U.S. item listings for the purpose of:
 - (a) Establishing whether definitional or rating changes are appropriate;
 - (b) Providing a full written statement on each item for incorporation as part of a general technical manual now in preparation;
 - (c) Providing technical judgments with respect to certain problems relating to parts and components;
 - (d) Correlating rated capital equipment and production materials required for the manufacture of other rated commodities, and,
 - (e) Providing technical recommendations for such other control action as appears appropriate from such review.
2. To review the production of strategic commodities in friendly countries and their trade in such commodities with the Soviet Bloc for the purpose of:
 - (a) Providing a technical basis which may be used by this Government in determining appropriate parallel action control objectives, and,
 - (b) Providing the necessary analysis to permit implementation of U.S. policy on the export of strategic goods to friendly countries. (See Program Determination 810).

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PART III

ADMINISTRATION OF TASK GROUP PROGRAM

Although from time to time numerous task groups have been created for particular assignments a large number of these groups have been dormant for a period during which personnel working on these programs in various agencies have changed. To the extent that task groups currently exist, these will be employed in the current work program although their membership may be modified to provide greater agency coverage. The general functions of the Coordinator, the Chairmen and members of the task groups are set forth below.

1. Functions of the Coordinator: The Coordinator of the Technical Task Groups, Mr. Robert Reiss, will be responsible for the following:
 - (a) To determine where a task group must be established and the agency membership thereof;
 - (b) To obtain from agencies the names of their representatives for such task groups;
 - (c) To be responsible centrally for contact with the Department of Commerce security officers for obtaining the necessary security clearances on all members of the task groups.
 - (d) To be responsible for maintaining close coordination of the activities and approaches of the several task groups to assure that there is no overlap by the task group effort; that problems which come to several task groups are treated in a similar manner and that the general program moves ahead in accord with established priorities.
 - (e) Centrally to provide necessary liaison between the task groups and the International Economic Analysis Division concerning the collection and use of trade data;

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- (f) To be responsible for assuring that general standards for the formulation and justification of task group recommendations are maintained, and
- (g) For assuring that each Chairman is supplied with copies of all documents relevant to the assignments given his task group.

2. Functions of Task Group Chairman: On the basis of membership established through the Coordinator's office and work assignments received from the Coordinator, the technical task group Chairman will have the following functions:

- (a) Within the general priorities and deadlines provided, to establish a detailed schedule of task group operation and to maintain adherence of the task group to deadlines of that schedule;
- (b) To call necessary meetings of the group, to preside at such meetings and to represent the group where called on before committees and officials;
- (c) To assure that all information available from agencies is obtained through their membership on the task group and is properly reflected in the discussion of technical assignments;
- (d) Insofar as possible, to restrict the general effort of the task group to technical aspects of the problems before them thus avoiding more general policy questions which are the responsibility of other groups;
- (e) The preparation of a document indicating the technical recommendations on the several issues assigned to the task group, together with a full statement supporting such recommendations; at the same time such information and data as may have been submitted which do not support these recommendations should likewise be set forth together with a full statement of any important dissension among the membership; and finally the submission of such document in an original and 3 copies to the Coordinator.

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(e) (continued)

Such documents should be addressed to the Coordinator.

- (f) For assuring that there is brought to the immediate attention of the Coordinator any problem on which irreconcilable views within a task group exist which appear to prevent further progress on a particular assignment.
- (g) For assuring that participation in the task group meetings is limited to individuals on whom appropriate security clearances have been obtained through the Coordinator's office.
- (h) If, for any purpose, it appears appropriate and desirable to have consultation on these problems with members of industry, such consultation should be carried out only in accord with the Security Regulations. If it is necessary to discuss security matters with representatives of industry or to have them participate in any way in task group discussions, such proposal must first be cleared through the Coordinator's office in order that any security or administrative problem is properly handled.

3. Functions of Task Group Members: With respect to the assignments given any task groups, its members are responsible for the following functions:

- (a) Attendance at all task group meetings; where attendance at a particular meeting is not possible, the member shall notify the Chairmen of a substitute member sufficiently in advance to permit necessary security clearances to be obtained.

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3. (continued)

- (b) For the gathering of all relevant technical information and judgment in the possession of his agency and its presentation to the task group subject to the security limitations placed on him by his agency; where these limitations do not permit the discussion of information in the task group it is the responsibility of the member to arrange through the Chairman that the information is transmitted to OIT through appropriate channels in order that its relevance can be brought to bear on the problem at some stage.
- (c) For keeping proper authorities in their own agencies fully informed as to the activities of the task group and finally,
- (d) Where a member's opinion differs so strongly from any proposed recommendation of the task group that he desires to have set forth a dissenting opinion he will either arrange with the chairman for the incorporation of such dissent in the task group document or will undertake separately to provide a document setting forth his view in sufficient copies for transmittal by the chairman with the task group document to the Coordinator.

Note On Security Clearance: While the existence of these technical task groups is not classified, the membership, assignments, discussions and documents of the task groups are generally classified secret or higher. Therefore, no member of the group will be accepted who is not cleared at least for handling SECRET (SECURITY INFORMATION) material. The Department of Commerce Manual on Security will be followed in all proceedings and in the distribution of documents.

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Where a change in membership is requested by an agency or substitute membership is necessary, the agency is responsible for notifying either the Chairman or the Coordinator of the proposal and must supply the name, position or title, agency address, agency telephone, code and extension, for the individual concerned. Where it is clear to the Chairman that advice from a non-member is desirable in a task group meeting and the discussion can be guided in a manner not requiring the divulging of information above the classification for which the non-member is cleared, he may allow such participation in the discussion.

PART IV

WORK PROGRAM FOR TASK GROUPS

The following work program is hereby transmitted to the task groups for immediate priority implementation. The scope and nature of this program is such as to require the attention of individual task groups for a period of from two to six months. Discussions by the Coordinator will be had with individual groups in order to set forth more specifically the priorities which would appear appropriate for each task group's effort to meet the general priorities which are indicated below. It is not possible, of course, to set forth all details with respect to the work assignments and it may be necessary from time to time to have specific additional consultation by the task group and the Coordinator.

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GUIDE FOR PROJECT NO. I

PROJECT NO. I - Guide for technical task group review of technical problems relating to items appearing on U.S. strategic lists, or which should appear thereon.

I. Technical Aspects of Items on Lists I, II, IA, IIB and IC.

A. Technical review of definitions and strategic ratings.

1. Are the present definition and ratings adequate?

(Note: Because List I and II definitions have been accepted by CoCom, changes in the definitions in those lists should be recommended only for substantive reasons).

2. If not, what changes are recommended?
3. Document the revision in accordance with the "Outline for Justification of Security List Items" (Attachment I).
4. Explain any important relationship between this item and any other items on U. S. security lists.
5. As a consequence of the recommended revision of this item, make such recommendations for the revision of the related items as may be necessary.

B. Identification of the items on List II, IIB and IC that should be embargoed because of the embargo importance of their principal components. Although this problem arises out of International List Principle No. 3, its resolution is applicable to U. S. controls. Principle No. 3 follows:

"Any item (including plants) containing one or more embargoed components should generally be treated as though it were on the embargo list when the embargoed component or components are a principal element of the item in value or quantity and can be feasibly removed or used for other purposes."

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B. . . (continued)

Despite the difficulties inherent in determining what a "principal element" is, and when it can be feasibly removed, the technical task groups are requested to accept the principle as it stands, since it is unlikely there will be international agreement in the near future on a revision of the item.

In identifying items covered by Principle No. 3 it should be kept clearly in mind that the "principal element" is one not only in "quantity or value" and that can be "feasibly removed", but is one that would cause a Soviet Bloc nation to buy the commodity in order to remove the "principal element" to use it for another purpose. The task groups are requested to:

1. Identify those listed items that contain embargo components as defined in Principle No. 3.
2. Identify listed items with components of lower than embargo importance exports of which should be discussed with other nations prior to proposed shipment.
- C. Identification of the principal and important specific parts of all listed items.

Although this problem arises out of Administrative Principle No. 4 its resolution is applicable to U.S. controls. Administrative Principle No. 4 follows:

"The object of the embargo and quantitative controls should not be defeated by the export of component parts. Each country will take such action as it can to achieve this aim, and will continue to seek a workable definition for parts which could be used by all the participating countries."

The U.S. control over its own exports of parts is governed by U.S. List Items A-901 and B-901 which read:

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A-901: "Components, subassemblies and attachments, excluding hardware and fasteners, assume a IA classification when the components, sub-assembly or attachment is identified as specially designed for and used only in IA equipment, and when the component, sub-assembly or attachment has not been given a separate security rating lower than IA."

B-901: "Components, sub-assemblies and attachments, excluding hardware and fasteners, for IA or IB items assume a IB classification except when the component, sub-assembly or attachment is identified as specially designed for and used only in IA equipment or except when it has been given a separate security rating other than IB."

(Read I/L I for IA and I/L II for IB to convert these items to CoCom purposes).

The following definitions are suggested for use by the task groups in identifying principal and important parts of listed items:

- (a) Components are to be considered parts being exported for new or original assembly.
- (b) Replacements are to be considered parts which are exported subsequent to base items and independently of original sale. They are items needed because of abnormal failure or wear after long usage.
- (c) Spares are those parts exported as part of original sale and pursuant to the original decision to export the base items. They are those parts which normally wear out or need replacement in short periods.
- (d) Accessories are units which when added to the machine or other equipment enable it to perform its function and which are exported with the original assembly.

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- (e) Attachments are units which when added to the machine increase its efficiency or versatility, and which are exported either with the original assembly or later.

It is understood that there may be a great deal of overlapping of the above five categories.

The task group is requested to make certain that the parts recommended for addition to an item meet the rating criteria of the item itself. For example, a part for a List I item should not be recommended for addition to the strategic list if the part is readily manufactured in the Soviet Bloc from materials available to the Bloc, or if in any other respects the part fails to meet the list I criteria. (See Attachment II for rating criteria).

Following are the basic assignments in this area:

1. Review the preliminary list of parts for List I items supplied to the task group by the Chairman.
2. In accordance with the definitions and criteria above, identify separately the following elements for all items listed in the U.S. Lists IA, II, IIB and IC which warrant addition to the lists in accord with the above criteria, and justify the recommendation:

- (a) Principal components,
- (b) Spares,
- (c) Replacements,
- (d) Accessories, and
- (e) Attachments.

- D. Identification by the task group Chairmen of the capital equipment and basic materials necessary for the production of strategic items. (This assignment is primarily directed to the Chairmen since it cuts across task group lines. However, the Chairmen will nevertheless wish to discuss these problems in the task groups).

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D. (Continued)

United States policy provides that this country shall not export to friendly countries the capital equipment or basic materials required for the manufacture of strategic commodities made with such equipment or materials. In order to implement this policy it is necessary to correlate the equipment and materials with the appropriate strategic items.

Following are examples from the strategic list of capital equipment and basic materials (in the left hand column) used or necessary in the production of other strategic items (in the right hand column). The items in the left hand column have been identified as having a close, direct and important relationship to those in the right hand column, and only items which in the opinion of the task group have such a relationship should be included in this analysis, which is to cover Lists I, II, IA, and IIB.

Teflon Products

1751 - Polytetrafluoroethylene 1525(b) Cables of all types with polytetrafluoroethylene dielectric (i.e., teflon)

Rails

1305 - Metal rolling mills, the following types: A401 - Railway rails, all sizes

Balloons

1750 - Polyethylene 1577 - Meteorological sounding balloons, 1100 grams or larger.

Titanium

1761 - Titanium tetrochloride 1671 - Titanium metal

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Seamless Casing

- 1061(a) - Pipe threading machines; combination threading and cutoff 3" (20 cms) and over diameter.
- 1037 - Hollow spindle (oil country type) lathes.
- 1305 - Metal rolling mills, all types;
- 1042 - Thread milling machine, 6" (15 cms) work diameter at the thread and over (except gun jump screw lathes covered by Item 1086j).
- 1154 - Welded or seamless steel casing, grill pipe, tubing, and line pipe conforming with API specifications for oil country tubular products, (this excludes gas, water, and steam pipes of ordinary commercial quality; spigot and faucet pipes; flange tubes).

Diamond Products

- 1385 - Diamonds suitable for industrial use, including splints and berts. (Interpreted to include industrial diamonds, dust, and powder; also interpreted to include rough cuttable diamonds suitable either for gem stones or industrial diamonds).
- 1386 - All tools, including dies and slugs incorporating diamonds.
- 1937 - Grinding, lapping, and polishing wheels and other articles incorporating diamond abrasives.

Following are the basic assignments in this area:

1. Correlate the capital equipment and basic materials on the strategic lists with those other entries with which they have a close, direct and important relationship.
2. Explain the relationship if it is not readily apparent to laymen from the correlation itself.

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E. Preparation of a technical manual for listed items.

1. Review the data already compiled for items on Lists I and II, IA and IIB.
2. Bring that data up-to-date in accordance with the "Outline for Justification of Security List Items" (Attachment I).

F. Recommendation of Positive List changes.

1. Review all items to make certain they are properly covered on the Positive List.
2. For any strategic list items recommended for revision make certain that the appropriate Positive List changes also are recommended.

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III. GUIDE FOR PROJECT NO. II

PROJECT NO. 2 - Guide for Technical Task Groups for the Review and Analysis of Actual or Potential Trade in Strategic Items by Friendly Countries with the Soviet Bloc.

- I. Identification of strategic commodities moving from friendly countries to the Soviet Bloc or which may so move, and recommendations concerning them.
- Identify by specific item listing (or in finer detail if possible, or more general groupings if necessary) those items which are produced in any friendly country in sufficient volume as to create a trade potential with the Soviet Bloc.
 - Identify by U.S. item listing (in finer detail if possible or more general groupings if necessary) by country, any trade, in 1951 or later where available, with the Soviet Bloc; identify where possible whether the exports are from indigenous production or are re-exported. Identify which countries are importing identical items from the U.S. and in which quantities. Provide other detail as appropriate.
- II. Technical basis for Recommendations for Parallel Action with Other Friendly Countries.
- Where a country has now agreed to embargo an item, whether or not it is now trading in this item, no further action is necessary for such country for such commodity. In all other instances, however, the following analysis should be made:

Basic Question: Does there exist for the item in question a level (including a range) of exports from the West to the Soviet Bloc including Communist China and North Korea, which if reached would constitute a serious security risk to the West? *Answer
None*

- If such level exists, the following action should be taken:
 - The level should be identified as specifically as possible on an annual and/or an absolute basis and justified, and

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1. (continued)

- (b) The countries which are trading, have recently traded, or may be expected to trade (where adequate information exists on these points) should be recommended for an appropriate share in the total level of exports to the Soviet Bloc estimated for the calendar year 1953, or, where an absolute level of receipt by the Bloc is established, the total share for a country should be recommended.
- (c) A comparison should be made between the level recommended and the actual trade levels to determine whether actual trade is so far below the strategic level as not to warrant recommending further negotiations at this time (for given countries or for all countries) or whether the level of actual trade is so close to, or in excess of, the recommended level, as to warrant the recommendation for negotiation. In the former case a recommendation should be made providing for the necessary reporting of trade data and a close watch on actual trade trends.
- (d) For all rated items for which quotas are admissible (thus excluding embargo items) recommend an appropriate quota for each friendly country's shipments to the Soviet Bloc, including Communist China and North Korea.

2. If it is not possible to establish such level of export to the Soviet Bloc, the following action should be taken?

- (a) If it has previously been established that the item does not meet the rating criteria (see Attachment II) but there is strong concern over the shipment of a small number or quantity, the recommendation should provide for some appropriate guide and/or consultation technique which might permit determining whether specific shipments should be permitted. The Task Groups are left to their own devices as to the details of this recommendation, but should maintain close contact with the Coordinator on this type problem.

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2. (continued)

- (b) If the concern is not strong even though fairly substantial numbers or quantities of the item were shipped, the task group should recommend that an appropriate reporting of trade be established in order that dangerous trends might be observed. In this case a review of the actual trade should be made to determine whether the character and extent of such trade warrants any specific negotiation with any of the trading countries. If it is believed that such negotiation should be had the technical rationale for requesting it should be set forth.

Note: Although assignments in Project No. 2 should be organized by the task group Chairmen in a manner which will assure their earliest completion, the following order of priority should be given consideration where applicable:

1. Exports from friendly countries (other than CoCom countries) of the U.S. List IA and List II items and U.S. List I items not now on Title I list.
2. Exports from all friendly countries of new U.S. List IA items and U.S. List IIB items which have not been presented for discussion at CoCom.
3. Exports from all friendly countries of U.S. List IIB items now appearing on International List III.
4. Exports from all friendly countries of U.S. List IIB items, which have been discussed in CoCom but which do not now appear on any International List.